



Arnold Schwarzenegger  
Governor

September 9, 2010  
22:437:dkw:1165:1216

Ms. Elaine Cooluris, Executive Director  
Able-Disabled Advocacy, Inc.  
4283 El Cajon Blvd., Suite 110  
San Diego, CA 92105

Dear Ms. Cooluris:

WORKFORCE INVESTMENT ACT  
VETERAN'S EMPLOYMENT-RELATED ASSISTANCE PROGRAM  
15-PERCENT ADULT PROJECT  
25-PERCENT DISLOCATED WORKER PROJECT  
FINAL MONITORING REPORT  
PROGRAM YEAR 2009-10

This is to inform you of the results of our review for Program Year (PY) 2009-10 of the Able-Disabled Advocacy, Inc. (A-DA) administration of its Workforce Investment Act (WIA) Veteran's Employment-Related Assistance Program (VEAP) Projects. Mr. Dale Kunesh conducted this review from June 14, 2010 through June 17, 2010. For the program operations portion of the review, we focused primarily on the areas of program administration, participant eligibility, WIA activities, monitoring, if applicable, and management information system/reporting. For the financial management portion of the review, we focused primarily on the areas of accounting systems, expenditures, allowable costs, cost allocation, reporting, cost pools, indirect costs, cash management, internal controls, program and interest income, single audit, if applicable, and property management. For the procurement portion of the review, we focused on procurement competition, cost and price analyses, and contract provisions.

We conducted our review under the authority of Sections 667.400(c) and 667.410(b)(1)(2)(3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by A-DA with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations, financial management and procurement.

We collected the information for this report through interviews with A-DA representatives. In addition, this report includes the results of our review of sampled case files for participants enrolled in the WIA VEAP Projects; a review of A-DA's response to Sections I and II of the Program On-Site Monitoring Guide; applicable

policies and procedures; and a review of documentation retained by A-DA for a sample of expenditures and procurements.

We received your response to our draft report on August 30, 2010, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed findings 1 and 2 cited in the draft report, no further action is required at this time. However, these issues will remain open until we verify the implementation of your stated corrective action plan during a future onsite review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 10125 and 10126.

### **BACKGROUND**

The A-DA was awarded \$250,000 in 15-Percent funds to serve 84 adult participants, and \$ 250,000 in 25-Percent funds to serve 84 dislocated worker (DW) participants from December 1, 2008 through March 31, 2011.

For the period ending June 2010, A-DA reported that it spent \$196,735.75 of its 15-Percent funds to enroll 45 adult participants, and spent \$187,581.68 of its 25-Percent funds to enroll 27 DW participants. We reviewed 15 of 45 case files for the 15-Percent adult participants, and 8 of 30 case files for the 25-Percent DW participants enrolled in the WIA VEAP Projects as of June 17, 2010.

### **PROGRAM REVIEW RESULTS**

We concluded that, overall, A-DA is meeting applicable WIA requirements concerning grant program administration.

### **FINANCIAL MANAGEMENT REVIEW RESULTS**

We concluded that, overall, A-DA is meeting applicable WIA requirements concerning financial management.

### **PROCUREMENT REVIEW RESULTS**

While we concluded that, overall, A-DA is meeting applicable WIA requirements concerning procurement, we noted instances of noncompliance in the following areas: debarment-suspension and cost or price analysis. The findings that we identified in these areas, our recommendations, and A-DA's proposed resolution of the findings are specified below.

**FINDING 1**

- Requirement:** 29 CFR 95.13 states, in part, recipients shall comply with the requirements for government-wide debarment and suspension, which restricts sub-awards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs and activities.
- Observation:** The review of A-DA's contract with San Diego Futures Foundation in the amount of \$38,000 to provide consulting, classroom training and technical support for computer classes did not include documentation A-DA performed a debarment and suspension check.
- Recommendation:** We recommended that A-DA provide CRO with a written corrective action plan as to how, in the future, they will document the debarment and suspension process, including how the process will be verified.
- A-DA Response:** The A-DA stated that they have revised their procurement policies, implemented the revised procedures, and reconstructed the files to meet all procurement requirements.
- State Conclusion:** The A-DA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, A-DA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10125.

**FINDING 2**

- Requirement:** 29 CFR 95.45 states, in part, some form of cost or price analysis shall be made and documented in the procurement files. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.
- Observation:** The review of A-DA's contract with San Diego Futures Foundation in the amount of \$38,000 to provide consulting, classroom training and technical support for computer classes

did not include documentation that A-DA performed a cost or price analysis.

**Recommendation:** We recommended that A-DA provide CRO with a written corrective action plan as to how, in the future, they will document the process for cost and price analysis.

**A-DA Response:** The A-DA stated that it has revised its procurement policies in compliance with the federal regulations under 29 CFR. In addition, A-DA has included the cost analysis for the contract with San Diego Futures Foundation.

**State Conclusion:** The A-DA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, A-DA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10126.

In addition to the findings above, we identified a condition that, while not a finding, is an issue that we thought we should bring to your attention because it may become a compliance issue if not addressed. Specifically, a review of the Able-Disabled Finance Department Policies and Procedures Manual did not include written policies to the following items: cost or price analysis, lease vs. purchase, resolving disputes or claims, debarment and suspension, and limited conditions for sole source procurement. We suggested that A-DA add this information to its policies and procedures manual. In its response, A-DA revised its procurement procedures and provided a copy. The A-DA's response adequately addressed our concern.

We provide you up to 20 working days after receipt of this report to submit to the Compliance Review Office your response to this report. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than October 7, 2010. If we do not receive a response by this date, we will release this report as the final report. Please submit your response to the following address:

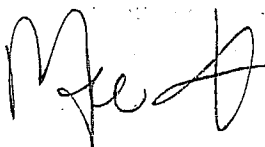
Compliance Monitoring Section  
Compliance Review Office  
722 Capitol Mall, MIC 22  
P.O. Box 826880  
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-7756.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. As you know, it is A-DA's responsibility to ensure that its systems, programs, and related activities comply with the WIA, related federal regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain A-DA's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Cynthia Parsell at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a stylized flourish at the end.

JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Judith Abeles, President, Board of Directors  
Georganne Pintar, MIC 50  
Elizabeth Thomsen, MIC 50